### DEPARTMENT OF STATE REVENUE

## **LETTER OF FINDINGS NUMBER: 99-0392P**

Gross Income Tax and Adjusted Gross Income Tax Calendar Years 1995, 1996, and 1997

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

### ISSUE(S)

# I. <u>Tax Administration</u> – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

## STATEMENT OF FACTS

Taxpayer, incorporated under the laws of Delaware was audited for calendar years 1995 through 1997. Upon audit it was discovered that the taxpayer failed to report high rate gross income and to addback property taxes and charitable contributions.

Taxpayer requests that the department waive the negligence penalty.

#### I. **Tax Administration** – Penalty

## **DISCUSSION**

Taxpayer was assessed a negligence penalty because it failed to make corrections for the addback of property taxes. Taxpayer was clearly informed of these addbacks in a prior audit three years earlier and negligently excluded them from the IT-20 calculations.

Taxpayer, in a letter dated June 21, 1999 protested penalties assessed due to reasonable cause and states it was not negligent nor willfully attempting to understate the tax liability. Taxpayer provided no other arguments.

Taxpayer failed to make corrections from an earlier audit with the same issue, therefore the negligence

# 02990392P.LOF PAGE #2

penalty is appropriate.

# **FINDING**

Taxpayer's protest is denied.

DW/RAW/MR 990209